

STAT

MR. TURNER - 7 June

MR. COFF

10 JUN 1968

*Mr. Banner*

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MORI/CDF Pages 3-5

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USE ONLY☐ CONFIDENTIAL☐ SECRET

## ROUTING AND RECORD SHEET

FILE

Personnel 17

SUBJECT: (Optional)

Statement of Richard Helms, Director of Central Intelligence  
Agency re Cost of Living

FROM:

Deputy Director of Personnel  
5E56 Headquarters

EXTENSION

NO.

DATE

DD/S 68-2907

7 June 1968

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S  
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. Assistant Deputy Director  
for Support  
7D18 Headquarters

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This is the "cost of living" amendment package you asked about the other day. Also attached are cost estimates. In addition, the Office of Personnel is providing backup data concerning our implementation of the CIARD System. This Colonel White intends to use only if asked. STAT

[ ] who is "case officer" is not sure whether or not Colonel White will want a "dress rehearsal" when the hearing date has been set or who he will want as backup witness from the Office of Personnel (if any). Bertha stands ready if wanted-she did it before.

[ ] has left to us the job of keeping you and Mr. Bannerman informed. The hearing might be called any day now -- or a month from now.

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STATEMENT OF RICHARD HELMS, DIRECTOR OF CENTRAL  
INTELLIGENCE AGENCY

Mr. Chairman, we appreciate the opportunity to appear before your Subcommittee this morning to discuss H.R. 13705, a bill to amend the CIA Retirement Act of 1964 for Certain Employees.

As you are aware, Mr. Chairman, the Central Intelligence Agency Retirement Act of 1964 for Certain Employees was the outgrowth of extensive hearings by your Committee in 1963 on the Agency's need for an early retirement program. The Act covers those Agency employees who serve under conditions of service which shorten their career span. It authorizes a basis for earlier retirement than is normally possible under the Civil Service Retirement System which covers the majority of our employees. It is too early to make a firm determination that this retirement system will meet all of our contemplated objectives. Our experience to date, however, has been encouraging.

Many provisions of the CIA Retirement Act were patterned after the Civil Service Retirement Act. Subsequently, a number of relevant Civil Service provisions were amended. The principal purpose of H.R. 13705 is to update the CIA Retirement Act so as to make the benefits equitable with those of the Civil Service Retirement Act.

We are aware of the problems involved in dealing with a comprehensive legislative package this late in the Congress. H.R. 13705 has nine separate sections. All of the sections are important. However, one section is of overriding importance and at this time we are asking your consideration of that section only, deferring consideration of the other sections to a more opportune time.

The matter of overriding importance concerns maintaining the purchasing power of an annuity. When the CIA Act was passed in 1964 the formula for adjusting annuities for cost-of-living purposes was identical to that found in the Civil Service Act. In 1965 Congress passed a law which liberalized this formula for the Civil Service system. The difference between these formulas has created a very significant gap between the increases that can and have been granted under the CIA law and those which can and have been made under the Civil Service law.

If we permit this gap to continue, I am afraid we will be substantially weakening the effectiveness of the CIA Retirement Act and inevitably creating a situation which will have an adverse effect on the morale of annuitants and participants involved.

The legislative proposal we are asking you to consider today simply reestablishes and preserves equity between the CIA Act and the Civil Service Act on the cost-of-living adjustment of annuities. I strongly recommend your favorable consideration of this proposal.

With your permission, I should like to ask Colonel White, who as you know is the Executive Director of the Agency, to present the proposal to you in detail.

If I may, Mr. Chairman, I should like to be excused at this time in order to attend another important meeting. If you have any further questions following this hearing, I stand ready to discuss it with you at your convenience.

Thank you for giving me this opportunity to appear.

**STATEMENT OF LAWRENCE K. WHITE, EXECUTIVE DIRECTOR,  
CENTRAL INTELLIGENCE AGENCY**

Mr. Chairman, the bill before you, H.R. 13705, proposes a number of amendments to the Central Intelligence Agency Retirement Act of 1964 for Certain Employees (P.L. 88-643, 13 October 1964). That Act was the outgrowth of extensive hearings by your Committee in 1963 on the Agency's need for an early retirement program.

H.R. 13705 contains nine sections. The first eight sections are designed to update the Central Intelligence Agency Retirement Act. The last section clarifies the Agency's exemption from the Federal Employees Pay Act.

As the Director has indicated, one section is of immediate concern. This is Section 8 which deals with maintaining the purchasing power of an annuity granted retired employees. In weighing the respective priorities, we believe that we should pursue action on Section 8 and defer consideration of the other sections at this time.

The basic purpose of Section 8 of H.R. 13705 is to reestablish and preserve equity between the Civil Service and CIA retirement systems

with respect to cost-of-living adjustments. Specifically, Section 8 would authorize future cost-of-living adjustments under the CIA retirement system to be made under the same formula which applies to Civil Service annuities. Section 8 also provides a catch-up increase so that as of 1 January 1967 annuities under the CIA retirement system are increased by the same percentage increase in force and effect for comparable annuities under the Civil Service retirement system.

Section 291 of the Central Intelligence Agency Retirement Act now authorizes automatic cost-of-living adjustments on the basis of yearly average Consumer Price Index increases of at least 3 percent. This automatic adjustment principle was approved by the Congress for the Civil Service retirement system in 1962 and extended to retired members of the Armed Forces in 1963. It was incorporated into the Agency Retirement Act when that Act was passed in 1964.

During the first session of the 89th Congress the cost-of-living provision for military retirees was amended (P.L. 89-132) to gear increases to quarterly rather than average calendar year Consumer Price Indexes.

Later on in the first session of the 89th Congress similar legislation for the benefit of the Civil Service retirement system was approved (P.L. 89-205, 27 September 1965 and P.L. 89-314, 1 November 1965.)

You will recall, Mr. Chairman, that on 11 August 1966 you reported out for the Committee a bill, H.R. 16306, which in Section 208 amended the CIA Retirement Act cost-of-living provision to bring it into line with the new cost-of-living provisions which had been approved for the benefit of Civil Service and military retirees. H.R. 16306 was approved by the House on 3 October 1966, but there was no further action before the close of the 89th Congress.

The new military and Civil Service formula is more responsive to cost-of-living changes than the old formula of the CIA retirement system. Since 1965 three cost-of-living adjustments have been granted under the Civil Service retirement system but only one increase has been granted under the CIA retirement system.

The one cost-of-living increase granted under the CIA retirement system amounted to 4.6 percent and was restricted to 1965 retirees and paid on 1 April 1967. This compares with increases in force and effect under the Civil Service system of 16.8 percent (cumulative) for 1965 retirees, 9 percent for 1966 retirees, and 3.9 percent for 1967 and some 1968 retirees.

The difference in formula has contributed to an ever-widening percentage increase gap between the Civil Service and CIA retirement systems. On 1 May 1968 this gap amounted to 12.2 percent for 1965

retirees, 9 percent for 1966, and 3.9 percent for 1967 and some 1968 retirees. Under the CIA system the next adjustment cannot become effective before 1 April 1969 and the gap may well become wider in the meantime. Knowledge of this gap inevitably has an adverse effect on the morale of annuitants and participants in the CIA system.

The disparity in the two systems comes about as follows: Under the Civil Service system when there is a 3 percent increase in the Consumer Price Index over the base at the time of the last cost-of-living increase and this level is sustained over a period of three months, the cost-of-living increase is automatic and becomes effective two months later. On the other hand, under the CIA system the cost-of-living increase for the entire calendar year must average 3 percent above the Consumer Price Index base at the time of the last increase, in which case the increase is effective on 1 April of the following year.

The CIA Retirement Act was passed in 1964 and in 1965 the Consumer Price Index did not increase sufficiently. The cumulative increases in 1965 and 1966 resulted in a 4.6 percent increase as of 1 April 1967 for 1965 retirees.

The annual average Consumer Price Index for 1966 was 113.1 and is the new base for determining the next rise of at least 3 percentum.

Thus the next annuity adjustment would take place when a subsequent year annual average Consumer Price Index equaled at least 116.5. The annual average Consumer Price Index for 1967 was 116.3 and fell .2 short of this mark, but almost certainly there will be an adjustment as of 1 April 1969. In theory, however, if at the end of December 1968 the Consumer Price Index should be less than 116.5, CIA annuitants would get no increase on 1 April 1969, whereas those under CSC already have it as of 1 May 1968.

The three cost-of-living adjustments produced by the more responsive Civil Service formula were a 6.1 percent increase to 1965 retirees in 1965; a 3.9 percent increase to 1965 and 1966 retirees on 1 January 1967; and a 3.9 percent increase to 1965, 1966, and 1967 and some 1968 retirees on 1 May 1968. An additional increase of 2 percent for 1965 retirees and 1 percent for 1966 retirees had been granted by P.L. 87-793 which established the cost-of-living adjustment principle for the Civil Service system.

Section 8 of the bill would, from 1 January 1967, provide the same cumulative percentage increase of annuity in force and effect for 1965 and later retirees under the Civil Service system. More specifically, Central Intelligence Agency Retirement Act retirees

whose annuities commenced prior to 2 January 1966 would receive an increase of 12.4 percent effective 1 January 1967 less the 4.6 percent increase paid 1 April 1967 under current law. Those whose annuity commenced on or between 2 January 1966 and 1 January 1967 would receive an increase of 4.9 percent from 1 January 1967. Retirees whose annuities commenced on or between 2 January 1967 and 1 May 1968 along with 1965 and 1966 annuitants would receive an increase of 3.9 percent effective 1 May 1968.

Section 8 of H.R. 13705 also assures that future increases will be in phase with those granted Civil Service retirees.

In addition, survivors would receive similar cost-of-living adjustments.

This concludes my general remarks Mr. Chairman. If you desire, I would be pleased to go over each subsection of the proposal to explain its effect.

EXPLANATION OF SECTION 8 BY SUBSECTIONS

Subsection (a) provides that increases shall be based upon determinations made by the Director pertaining to percentum changes in the price index.

Subsection (a)(1) authorizes effective 1 January 1967 percentage increases of annuities under the CIA retirement system equal to those in force and effect under the Civil Service retirement system as of 1 January 1967.

Subsection (a)(2) provides for subsequent cost-of-living adjustments effective the first day of the third month beginning after the price index shows a rise of at lease 3 percent for 3 consecutive months over the base month. All annuities which commence on or before such effective date will be increased by the percentage rise in the price index. An increase will be computed on the highest percent of the 3 consecutive months, adjusted to the nearest one-tenth of 1 percent. The month forming the basis for the increase will become the new base month for determining the next cost-of-living adjustment. Subsection (a)(2) will produce a 3.9 percent cost-of-living adjustment as of 1 May 1968.

Subsection (a)(2) preserves the cost-of-living adjustment principle for future retirees and survivors of deceased employees but restricts the amount of increase to only that percentage rise occurring on or after the commencing dates of their annuities.

Subsection (b)(1) guarantees that survivor annuitants shall receive the increases granted the annuitant up to the time of his death.

Subsection (b)(2) preserves for surviving children whose annuity commences after 1 January 1967 the 2 percent and 1 percent percentage increase reflected in the catch-up increase granted their parents under Subsection (a)(1).

Subsection (b)(3) provides that the fixed dollar amounts for children survivors shall be increased along with the cost-of-living adjustments granted under Section 291.

Subsection (c) offsets any cost-of-living adjustment granted prior to this amendment. This involves the 4.6 percent increase granted on 1 April 1967 to 1965 retirees and their survivors. The rise in the Consumer Price Index on which the 4.6 percent increase was based is covered by the catch-up increase provided under subsection (a)(1).

Subsection (d) changes the definition of the term "price index" from the annual average of the Consumer Price Index over a calendar

year to that published monthly by the Bureau of Labor Statistics. It further defines the month used in determining that the price index warrants a cost-of-living adjustment as the "base month." The base month for the next increase, if any, is February 1968 which is established as a result of the operation of subsection (a)(2).

Subsection (e) retains the usual language precluding an increase on any additional portion of annuity that was purchased by a retiree by voluntary contributions.

Subsection (f) retains the customary requirement that the monthly annuity, as increased, be adjusted to the nearest dollar. It provides, however, for reflecting an increase of at least \$1 per month wherever an increase would not otherwise cause a small annuity to be adjusted to the next higher dollar.

90TH CONGRESS  
1ST SESSION

# H. R. 13705

## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 26, 1967

Mr. PHILBIN introduced the following bill; which was referred to the Committee on Armed Services

## A BILL

To amend the Central Intelligence Agency Retirement Act of 1964 for certain employees, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 ~~SECTION 1.~~ The Central Intelligence Agency Retire-  
4 ~~ment Act of 1964 for certain employees (78 Stat. 1043; 50~~  
5 ~~U.S.C. 403 note) is amended by striking subsection 204~~

6 ~~(b) (3) and inserting the following in lieu thereof:~~

7 ~~"(3) 'Child', for the purposes of sections 221 and 232~~  
8 ~~of this Act, means an unmarried child, including (i) an~~  
9 ~~adopted child, and (ii) a stepchild or recognized natural~~  
10 ~~child who lived with the participant in a regular parent-child~~  
11 ~~relationship, under the age of eighteen years, or such unmar-~~

1 ried child regardless of age who because of physical or mental  
2 disability incurred before age eighteen is incapable of self-  
3 support, or such unmarried child between eighteen and  
4 twenty-two years of age who is a student regularly pursuing  
5 a full-time course of study or training in residence in a high  
6 school, trade school, technical or vocational institute, junior  
7 college, college, university, or comparable recognized educa-  
8 tional institution. A child whose twenty-second birthday  
9 occurs prior to July 1 or after August 31 of any calendar  
10 year, and while he is regularly pursuing such a course of  
11 study or training, shall be deemed for the purposes of this  
12 paragraph and section 221 (e) of this Act to have attained  
13 the age of twenty-two on the first day of July following such  
14 birthday. A child who is a student shall not be deemed to  
15 have ceased to be a student during any interim between  
16 school years if the interim does not exceed five months and if  
17 he shows to the satisfaction of the Director that he has a bona  
18 fide intention of continuing to pursue a course of study or  
19 training in the same or different school during the school  
20 semester (or other period into which the school year is  
21 divided) immediately following the interim. The term 'child',  
22 for the purposes of section 241, shall include an adopted child  
23 and a natural child, but shall not include a stepchild."

24 SEC. 2. Section 221 (a) of the Central Intelligence

1 . Agency Retirement Act (50 U.S.C. 403 note) is amended  
2 by striking out "thirty-five" and substituting "forty".

3     ~~SEC. 3.~~ Section 221(b) of the Central Intelligence  
4 Agency Retirement Act (50 U.S.C. 403 note) is amended  
5 by deleting the words "or remarriage" from the first sen-  
6 tence, and section 232(b) is amended by deleting the words  
7 "or remarriage" from the second sentence.

8     ~~SEC. 4.~~ Section 221(c) of the Central Intelligence  
9 Agency Retirement Act (50 U.S.C. 403 note) is amended  
10 to read as follows:

11     ~~"(c)~~ The commencing date of an annuity payable to a  
12 child under paragraph (c) or (d) of this section, or (c) or  
13 (d) of section 232, shall be deemed to be the day after the  
14 annuitant or participant dies, with payment beginning on  
15 that day or beginning or resuming on the first day of the  
16 month in which the child later becomes or again becomes a  
17 student as described in section 204(b)(3), provided the  
18 lump-sum credit, if paid, is returned to the fund. Such  
19 annuity shall terminate on the last day of the month before  
20 (1) the child's attaining age eighteen unless he is then a  
21 student as described or incapable of self-support, (2) his  
22 becoming capable of self-support after attaining age eighteen  
23 unless he is then such a student, (3) his attaining age  
24 twenty-two if he is then such a student and not incapable of

1 self-support, ~~(4)~~ his ceasing to be such a student after at-  
2 taining age eighteen unless he is then incapable of self-  
3 support, ~~(5)~~ his marriage, or ~~(6)~~ his death, whichever first  
4 occurs.”.

5 SEC. 5. Section 221 of the Central Intelligence Agency  
6 Retirement Act (50 U.S.C. 403 note) is amended by delet-  
7 ing the last two sentences of subsection ~~(f)~~, and adding the  
8 following new paragraphs ~~(g)~~ and ~~(h)~~:

9 “~~(g)~~ Except as otherwise provided, the annuity of a  
10 participant shall commence on the day after separation from  
11 the service, or on the day after salary ceases and the partici-  
12 pant meets the service and the age or disability requirements  
13 for title thereto. The annuity of a participant under section  
14 ~~234~~ shall commence on the day after the occurrence of the  
15 event on which payment thereof is based. An annuity other-  
16 wise payable from the fund allowed on or after date of enact-  
17 ment of this provision shall commence on the day after the  
18 occurrence of the event on which payment thereof is based.

19 “~~(h)~~ An annuity payable from the fund on or after date  
20 of enactment of this provision shall terminate ~~(1)~~ in the  
21 case of a retired participant, on the day death or any other  
22 terminating event occurs, or ~~(2)~~ in the case of a survivor,  
23 on the last day of the month before death or any other  
24 terminating event occurs.”.

25 ~~SEC. 6.~~ Section 252 of the Central Intelligence Agency

1 Retirement Act (50 U.S.C. 403 note) is amended by delet-  
2 ing subsection (c) (1) ; renumbering subsections (c) (2)  
3 and (c) (3) to read (c) (3) and (c) (4) and inserting the  
4 following new subsections (c) (1) and (c) (2):

5       “(c) (1)- If an officer or employee under some other  
6 Government retirement system becomes a participant in the  
7 system by direct transfer, the Government's contributions  
8 under such retirement system on behalf of the officer or  
9 employee shall be transferred to the fund and such officer or  
10 employee's total contributions and deposits, including inter-  
11 est accrued thereon, except voluntary contributions, shall be  
12 transferred to his credit in the fund effective as of the date  
13 such officer or employee heretofore or hereafter becomes a  
14 participant in the system. Each such officer or employee  
15 shall be deemed to consent to the transfer of such funds and  
16 such transfer shall be a complete discharge and acquittance  
17 of all claims and demands against the other Government  
18 retirement fund on account of service rendered prior to be-  
19 coming a participant in the system.

20       “(c) (2)- If a participant in the system becomes an  
21 employee under another Government retirement system by  
22 direct transfer to employment covered by such system, the  
23 Government's contributions to the fund on his behalf may be  
24 transferred to the fund of the other system and his total con-

1 tributions and deposits, including interest accrued thereon,  
2 ~~except~~ voluntary contributions, may be transferred to his  
3 ~~credit in the fund of such other retirement system at the~~  
4 ~~request of the officer or employee effective as of the date he~~  
5 ~~becomes eligible to participate in such other retirement sys-~~  
6 ~~tem. Each such officer or employee in requesting such~~  
7 ~~transfer shall be deemed to consent to the transfer of such~~  
8 ~~funds and such transfer shall be a complete discharge and~~  
9 ~~acquittance of all claims and demands against the fund on~~  
10 ~~account of service rendered prior to his becoming eligible for~~  
11 ~~participation in such other system."~~

12 ~~SEC. 7. Section 273 of the Central Intelligence Agency~~  
13 ~~Retirement Act (50 U.S.C. 403 note) is amended by de-~~  
14 ~~leting subsection (a); renumbering subsection (b) to read~~  
15 ~~(c); and inserting the following new subsections (a) and~~  
16 ~~(b):~~

17 ~~"(a) Notwithstanding any other provision of law, any~~  
18 ~~annuitant who has retired under this Act and who is reem-~~  
19 ~~ployed in the Federal Government service in any appointive~~  
20 ~~position either on a part-time or full-time basis shall be en-~~  
21 ~~titled to receive the salary of the position in which he is~~  
22 ~~serving plus so much of his annuity payable under this Act~~  
23 ~~which when combined with such salary does not exceed~~  
24 ~~during any calendar year the basic salary such officer or~~  
25 ~~employee was entitled to receive on the date of his retire-~~

1 ment from the Agency. Any such reemployed officer or em-  
2 ployee who receives salary during any calendar year in  
3 excess of the maximum amount which he may be entitled to  
4 receive under this paragraph shall be entitled to such salary  
5 in lieu of benefits hereunder.

6 “(b) When any such annuitant is reemployed, he shall  
7 notify the Director of Central Intelligence of such reemploy-  
8 ment and shall provide all pertinent information relating  
9 thereto.”.

10 ~~SEC. 8.~~ Section 291 of the Central Intelligence Agency  
11 Retirement Act (50 U.S.C. 403 note) is amended to read  
12 as follows:

13 “SEC. 291. (a) On the basis of determinations made by  
14 the Director pertaining to per centum change in the price  
15 index, the following adjustments shall be made:

16 “(1) Each annuity payable from the fund on Jan-  
17 uary 1, 1967, shall be increased on that date by (a) 12.4 per  
18 centum for annuities which commence on or before Jan-  
19 uary 1, 1966, or (b) 4.9 per centum for annuities which  
20 commence on or between January 2, 1966, and January 1,  
21 1967.

22 “(2) Each month beginning with November 1966,  
23 the Director shall determine the per centum change in the  
24 price index. Effective the first day of the third month which  
25 begins after the price index shall have equaled a rise of at

1 least 3 per centum for three consecutive months over the  
2 price index for the base month, each annuity payable from  
3 the fund which has a commencing date not later than such  
4 effective date shall be increased by the per centum rise in the  
5 price index (calculated on the highest level of the price  
6 index during the three consecutive months) adjusted to the  
7 nearest one-tenth of 1 per centum.

8 “(b) Eligibility for an annuity increase under this  
9 section shall be governed by the commencing date of each  
10 annuity payable from the fund as of the effective date of an  
11 increase, except as follows:

12 “(1) Effective from its commencing date, an annuity  
13 payable from the fund to an annuitant's survivor (other than  
14 a child entitled under section 221 (c) ), which annuity com-  
15 mences the day after annuitant's death and after January 1,  
16 1967, shall be increased by the total per centum increase  
17 the annuitant was receiving under this section at death;  
18 or if death occurred between January 1, 1967, and date of  
19 enactment, the per centum increase the annuitant would  
20 have received.

21 “(2) Effective from its commencing date, an annuity  
22 payable from the fund to a child under section 221 (c) ,  
23 which annuity commences the day after annuitant's death  
24 and after January 1, 1967, shall be increased by (a) 2 per  
25 centum if the annuity from which it is derived commenced

1 on or before January 1, 1966, or (b) 1 per centum if the  
2 annuity from which it is derived commenced on or between  
3 January 2, 1966, and January 1, 1967.

4 “(3) For the purposes of computing an annuity which  
5 commences after January 1, 1967, to a child under section  
6 221 (c), the items \$600, \$720, \$1,800, and \$2,160 appear-  
7 ing in section 221 (c) shall be increased by 10.2 per centum  
8 plus the total per centum increase allowed and in force under  
9 section 291 (a) (2) for employee annuities, and, in the case  
10 of a deceased annuitant, the items 40 per centum and 50  
11 per centum appearing in section 221 (c) shall be increased  
12 by the total per centum increase allowed and in force under  
13 this section to the annuitant at death; or if death occurred  
14 between January 1, 1967, and date of enactment, the per  
15 centum increase the annuitant would have received.

16 “(c) Any annuity increased under this section shall be  
17 decreased by the amount of increase in force and effect with  
18 respect to that annuity under section 291 prior to the date of  
19 enactment of this ~~Act~~ subsection.

20 “(d) The term ‘price index’ shall mean the Consumer  
21 Price Index (all items—United States city average) pub-  
22 lished monthly by the Bureau of Labor Statistics. The term  
23 ‘base month’ shall mean the month of October 1966 for the  
24 first increase under section 291 (a) (2) and thereafter the

1 month for which the price index showed a per centum rise  
2 forming the basis for a cost-of-living annuity increase.

3       “(e) No increase in annuity provided by this section  
4 shall be computed on any additional annuity purchased at  
5 retirement by voluntary contributions.

6       “(f) The monthly installment of annuity after adjust-  
7 ment under this section shall be fixed at the nearest dollar,  
8 except that such installment shall, after adjustment, reflect an  
9 increase of at least \$1.”

10       SEC. 9. Section 5541 (2) of title 5, United States Code,  
11 is amended by (1) striking out “or” at the end of paragraph  
12 (xii) ; (2) deleting the period at the end of paragraph (xiii)  
13 and inserting “; or”; and (3) adding the following new  
14 paragraph:

15       “(xiv) an officer or employee of the Central In-  
16 telligence Agency.”

90TH CONGRESS  
1ST SESSION

**H. R. 13705**

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**A BILL**

To amend the Central Intelligence Agency Retirement Act of 1964 for certain employees, and for other purposes.

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By Mr. PHILBIN

OCTOBER 28, 1967

Referred to the Committee on Armed Services

COST OF LIVING INCREASE ESTIMATES

1. Effective 1 January 1967 to retirees with annuities commencing prior to 2 January 1966 - (1965 retirees) 12.4% increase:

39 Annuitants:  $\$6,270 \times 12.4 = \$64 \text{ p/mo} \times 16 \text{ mo} \times 39 = \$39,936$

\*6 Survivors:  $\$3,776 \times 12.4 = \$39 \text{ p/mo} \times 16 \text{ mo} \times 6 = \$ 3,744$

$\$43,680 - 12.4 \text{ annuity increase}$   
 $- 16,162 - 4.6 \text{ granted}$   
 $\$ 27,518 - 7.8 \text{ increased Cost}$

\*6 widows - average annuity \$2,976  
9 children - average annuity \$533

2. Effective 1 January 1967 to retirees with annuity commencing prior to 2 January 1967 - (1966 retirees) 4.9% increase:

45 Annuitants:  $\$6,270 \times 4.9 = \$26 \text{ p/mo} \times 16 \text{ mo} \times 45 = \$18,720$

\*10 Survivors:  $\$4,346 \times 4.9 = \$18 \text{ p/mo} \times 16 \text{ mo} \times 10 = \$ 2,880$   
 $\$21,600$

\*10 widows - average annuity \$2,971  
23 children - average annuity \$ 600

Cost of Living Increase Estimates (continued)

3. Effective 1 May 1968 to retirees whose annuities commenced on or between 2 January 1967 and 1 May 1968 along with 1965 and 1966 annuitants, a 3.9% increase:

New average annuities with increases reflected as a result of para. 1 and 2 above:

1965 - Annuitants: \$7,038      Survivors: \$4,244  
1966 -        "        \$6,582        "        \$4,562

1965A -  $\$7,038 \times 3.9 \times 39 \div 12 = \$890$  per month

1965S -  $\$4,244 \times 3.9 \times 6 \div 12 = \$83$  " "

1966A -  $\$6,582 \times 3.9 \times 45 \div 12 = \$964$  " "

1966S -  $\$4,562 \times 3.9 \times 10 \div 12 = \$148$  " "

1967 and  
4/1968A -  $\$6,480 \times 3.9 \times 105 \div 12 = \$2,214$  Per month

1967 and  
\* 4/1968S -  $\$3,741 \times 3.9 \times 14 \div 12 = \underline{\$170}$  " "  
\$4,469 per month or \$53,628 annually

\* 1967 - 5 widows - average annuity \$3,199  
10 children - average annuity \$ 540

1968 - 5 widows - average annuity \$3,379  
4 children - average annuity \$ 450

RECAPITULATION

	<u>Percentage Increase</u>	<u>Number Eligible</u>	<u>Cost</u>
Prior to 2 January 1966	12.4	45	\$43,680
			Less 16,162 4.6 granted 4/1/67
			27,518 7.8 increased cost
Prior to 2 January 1967	4.9	55	21,600
			\$49,118
Prior to 1 May 1968	3.9	219	\$53,628 cost from 5/1/68 thru
			4/30/69
			or
			\$ 4,469 per month effective
			5/1/68